

This week, President Obama unveiled his budget for fiscal year 2011. It is a monstrosity. It increases spending, it increases taxes, it increases debt and it increases the deficit.

That's bad enough, but that's not the half of it. The spending, taxes, debt, and deficit go out as far as the eye can see. The deficits average just short of \$1 trillion per year over the 12-year period outlined in the budget, even with the administration's overly optimistic economic assumptions. By comparison, the average annual deficit during the 14 years that Republicans controlled Congress was \$104 billion. That deficit was too high then, but this deficit simply has no comparison.

President Obama's budget director, Dr. Peter Orszag, has called this level of debt and deficit "unsustainable." That word is used a lot these days. The director of the non-partisan Congressional Budget Office (CBO) used that word in answer to my questioning last week to describe the trajectory of spending and deficits. Almost every economic think tank, from the liberal Brookings Institute to the conservative Heritage Foundation, to the libertarian Cato Foundation has described the federal budget path as "unsustainable." It isn't often that all three of these organizations agree.

So, what is it with that word? What do they mean when they say "unsustainable" and why do they all use the same word? The definition of unsustainable is "not able to be maintained or supported in the future, especially without causing damage or depletion of a resource."

They all use that word because they don't want to cause too much alarm about the future. They worry about instilling panic. So, instead of being more specific, they just say "unsustainable." When I pressed the CBO Director on what he meant by "unsustainable," he paused and said, "Very, very bad things will happen."

Well, I think it's time to panic. It is at least time for Congress to panic. Winston Churchill once said that Americans can be counted on to do the right thing once, "They have exhausted all the alternatives." That time has come.

Let me explain what all of this means. If we don't get spending under control; if we don't reform the bankrupt entitlement programs of Social Security, Medicare, and Medicaid; if we don't shelve huge new entitlement programs like Obama/Pelosi government-run health care; and if we don't get deficits moving rapidly down to at least a historically normal level, we won't be able to borrow enough money to cover it. There are solutions. For instance, www.americanroadmap.org outlines a comprehensive plan for entitlement, tax, and spending reform that would solve the problem.

About half of the new debt we issue is being bought by foreigners. If at any point, those foreign nations and citizens decide to stop funding our deficits, we will have a hard time selling it all only to domestic buyers without greatly increasing rates. Increasing rates will make the deficit even worse. The president's rosy forecast predicts that the interest on the deficit alone will be \$1 trillion a year by 2020 or roughly equivalent to the entire budget, net of entitlements, just two

years ago. If interest rates were to go to 10 percent, that figure doubles.

Every domestic dollar that the federal government borrows is a dollar that cannot be invested in a new small business or loaned to a homebuyer. So, the mounted debt reduces economic growth as well, which inevitably feeds the downward cycle.

The bottom line: "Unsustainable" means economic collapse. It means a government that can no longer pay or borrow for itself. This could manifest itself in hyperinflation, stubbornly high unemployment, little economic growth, or all of those things. We have to cut spending and reform entitlements dramatically and rapidly.

Congress often doesn't respond to problems until they are in a crisis. But, if we let this crisis go too long, it may be too late to stop it. Congress needs to panic now, and we need to fix it soon. The president's budget, unfortunately, is another large step toward a new abyss when we should be running from it.